The

Workmen's Insurance

of the

German Empire

Guide

expressly prepared

for the

World's Exhibition in Chicago

by the

Imperial Insurance Department in Berlin

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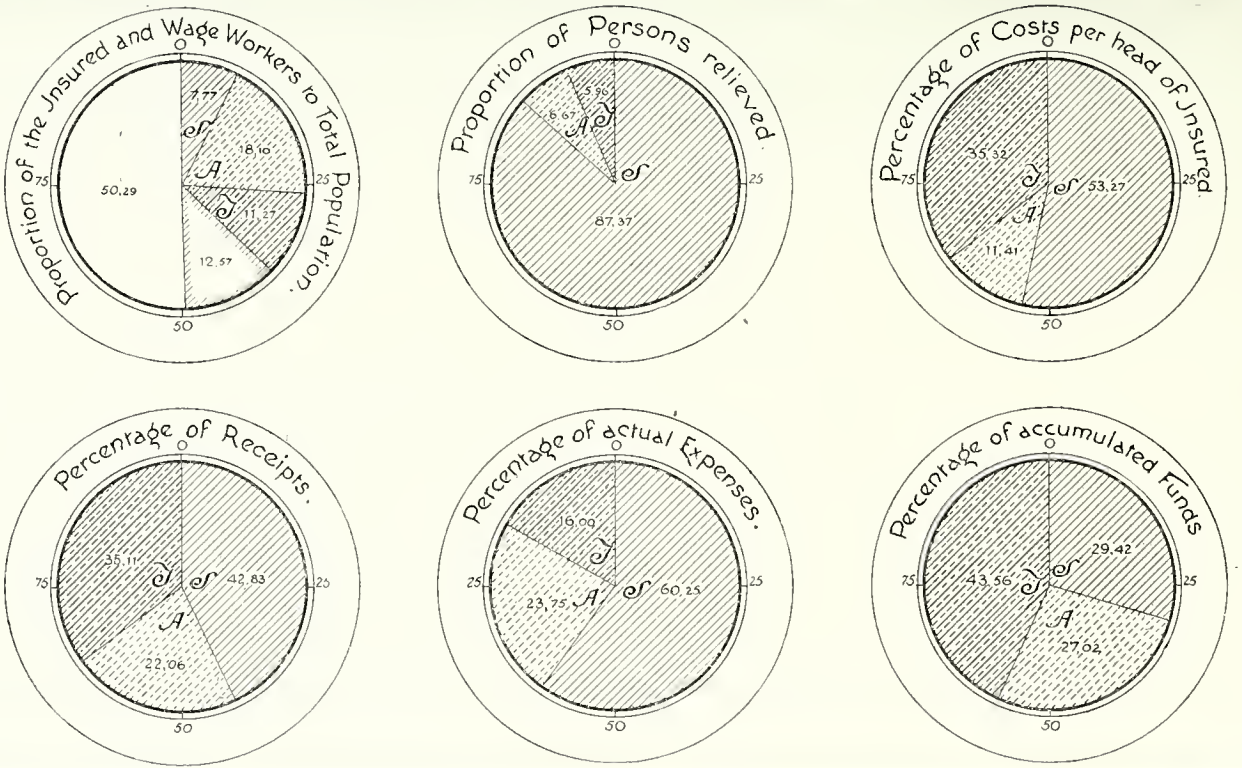
The Workmen's Insurance of the German Empire, 1892.



The Emperor's Message. The work of conciliation and social reform in the German Empire was initiated by the Message of His Majesty the Emperor William I to the Reichstag on the 17th of November 1881. This Message, as communicated by the Imperial Chancellor, Prince Bismarck, reads as follows:

> We consider it Our Imperial duty to impress upon the Reichstag the necessity of furthering the welfare of the working people. We should review with increased satisfaction the manifold successes, with which The Lord has blessed Our reign, could We carry with Us to the grave the consciousness of having given Our country an additional and lasting assurance of internal peace, and the conviction that We have rendered the needy that assistance to which they are **justly entitled.** Our efforts in this direction are certain of the approval of all the federate Governments, and We confidently rely on the support of the Reichstag, without distinction of parties. In order to realize these views a Bill for the Insurance of Workmen against **industrial Accidents** will first of all be

> laid before you, after which a supplementary measure will be submitted providing for a general organization of industrial **Sick Relief Insurance.** But likewise those who are disabled in consequence of **Old Age** or **Invalidity** possess a well-founded claim to a more ample relief on the part of the State than they have hitherto enjoyed. To devise the fittest ways and means for making such provision, however difficult, is one of the highest obligations of every community based on the moral foundations of Christianity. A more intimate connection with the actual capabilities of the people, and a mode of turning these to account in **corporate associations,** under the patronage and with the aid of the State, will, We trust, develop a scheme to solve which the State alone would prove unequal.

Accordingly, the working-man, unfitted to work by sickness, accident, invalidity or old age, is to have a legal right to a due and just provision, in order not to be compelled to rely upon public charity. This end could only be attained by a system of general and compulsory insurance, based on mutuality and self-administration (see Table *A*).

The Sickness Insurance (Table *B*). The first of the socialpolitical enactments was the Sick Insurance Law of June 15, 1883, which regulated the reform of sick relief in its relation to the insurance against accidents. For these two branches of insurance supplement each other, and — quite unlike mere poorlaw relief, which aims only at upholding the existence of the individual — are designed to provide relief in case of sickness or accidents, and to compensate for lost wages during the time of disability to work. On the principles of previous legislation, which trusted chiefly to the good will of

interested parties, barely one half of those who needed it, were in a position to profit by this aid and relief.

Extent of the Insurance. This state of things necessarily led to the introduction of compulsory insurance, which in the first place was by law made obligatory on all Workmen employed in mines, quarries, factories or other industrial concerns and on managing Officials (with yearly salaries up to 2000 marks and whose circumstances are nearly alike) in so far as this obligation might be found generally necessary and practicable. In the second place it was permitted to establish a statutory obligation of insurance on the part of the community (township) for those groups of trades and callings — such as so-called home industrials (small masters and mechanics working at home) and agricultural laborers — where the above-mentioned necessity is entirely dependent on local circumstances.

The foundation and first condition of compulsory insurance is dependency on an employer, so that persons carrying on a business of their own are generally exempted. But the law concedes to all exempted workmen and officials, as well as to servants, the right to participate voluntarily in the benefits of the insurance.

The supplemental measure of April 10, 1892 (taking effect January 1, 1893) with the intention of bringing the Sick Insurance Law into harmony with the other insurance laws (against Accidents, Invalidity and Old Age) which in the meantime had received the sanction of the Government, has widened still farther the range of insured persons. Thus persons engaged for wages or salary in commerical firms, in the offices of attorneys, notaries, bailiffs, sick-clubs, trades' associations and insurance institutions were made liable to the general, and agricultural officials to the communal (township) compulsory insurance. Furthermore, all the exempted, whose yearly earnings do not exceed 2000 marks, were admitted to the communal voluntary insurance.

As regards the mode of carrying out the Insurance, the fundamental aim and object of the law is mutual insurance

based on self-administration. The insured are to be classed in corporate associations whose members belong to the same trade or calling, where the risk of sickness is about alike. This organization greatly facilitates self-administration, and while it exercises a healthy and moral influence on the members in their intercourse with one another, it will make simulation more difficult and the indispensable control easier and more effectual.

Quite contrary to the Insurance against Accidents, the Sick Insurance is restricted to local organization, since here cases of less importance are continually occurring, in which relief, to be efficacious, must be prompt.

In consequence of this, the law, without interfering with existing institutions, has authorized, besides the voluntary sick-clubs, which every one is at liberty to join, the formation of the following obligatory sick-associations:

1. The Local Sick-Clubs to be established by the communities (townships) for the branches of trade within their limits;
2. The Industrial (Factories') Sick-Clubs erected by proprietors of larger factories;
3. The Builders' Sick-Clubs, which contractors of buildings are bound to establish;
4. The Guilds' Sick-Clubs founded according to the National German Trades' Regulation Law;
5. The Miners' Sick-Clubs formed in accordance with the mining laws of the several States of Germany;
6. The subsidiary Communal (Township) Sick Insurance, which strictly speaking is not a sick-association, but a communal institution comprehending all those who are liable to insurance, but who belong neither to a voluntary nor to an obligatory sick-association.

Between all these organised associations, the right of changing ones membership in case of removal is recognised i. e. all newly

admitted persons have neither to wait a certain time until they can obtain the benefits warranted by the law, nor to pay an entrance-fee. As the Guilds' and the Miners' Sick-Clubs are accessible only to certain avocations; as the Builders' Sick-Clubs are available only for workmen in temporary employment, and as the independent sick-relief clubs rest on the voluntary principle, it follows that the law has its main bearing upon the local and the industrial (factories') Sick-Clubs, which embrace the majority of all the associations and persons insured.

The great purpose of the Insurance is to secure to the insured an ever certain and sufficient relief, in case of illness, during at least 13 weeks.

The minimum of relief to which all the insured have a legal claim (see Table *B, III*) includes:

1. Free medical attendance and medicines from the beginning of the illness, likewise spectacles, trusses, bandages, etc.
2. In case of incapacity for work, from the third day of the illness, for every working-day a sick-pay, amounting to one half the daily wages on which the contributions have been based;

or else, in special cases:

free admittance to a hospital, together with half the sick-pay for the family.

Besides this assistance the obligatory insurance grants:

3. Burial money amounting to twenty times the average daily wages; and
4. Sick relief to women during four weeks after confinement.

The money value of this assistance is considered equal to three-fourths of the average wages upon which the calculation is based. The law, however, admits of a supplementary insurance up to the full amount of the average daily earnings of

the insured. It also authorizes the associations to extend the assistance given even to relief for an entire year (instead of 13 weeks), and for women to 6 (instead of 4) weeks after confinement. The daily sick-pay may be raised from 50 to 75 per cent, and the burial money from 20 to 40 times the average daily wages. Sick allowance may also be paid for the first three days of the illness, as well as for Sundays and holidays; and finally the relief may be extended even to the other members of the family and to convalescents.

The contributions of the insured are limited by the law (independent clubs not included) in the Communal Sick Insurance to 1—1 1/3 per cent of the usual local daily wages of ordinary laborers, and for the rest they must not exceed 2—3 per cent of the average daily wages of that class of workmen for whom the club has been formed. The law binds the employers, when depositing the contributions of their workmen, to pay themselves a sum equal to one half the contributions of the employed, so that two-thirds of the whole are furnished by the workmen, and one-third by their employers.

The costs of management, which latter, conformably to the principle of self-administration, is mainly placed in the hands of the workmen, aided by the co-operation of the contributing employers, under the supervision of the authorities, are paid by each Club for itself. In the communal insurance they fall on the community (township); and in the industrial and building sick-clubs they are borne by the employers.

The further extension of the German National Sick Insurance to agricultural laborers and to servants is not yet realized, but even now there are insured about 8000000 of persons and upwards of 100 millions of marks annually are expended in Germany for Sick Relief alone (see Table *B, I* and *II.*)

The Accident Insurance (Table *C*). As with sickness, so in the case of industrial accidents the previous legislation proved inadequate to secure an indemnity to the workman. The common law granted no compensation in the

frequent cases where persons were killed or wounded either by chance or through their own want of caution. If a man suffered by the malice or carelessness of another person, only the immediate author of the disaster — usually a fellow-workman or an overseer — could be called to account, but not the employer. Thus the sufferer or his survivors could rarely obtain a fair compensation, for even when a law-court decided in their favor, they generally had to go away with empty hands, in consequence of the poverty of the responsible party.

These evils led to the Liability Law of June 7, 1871, which imposed on the employer a personal responsibility for accidents occurring in his business, and particularly for the negligence of his managers.

The employer is therefore bound to compensate fully the detriment arising from the death or bodily injury of a person in the following cases:

1. In railway accidents, when he (the employer) cannot show that the injured suffered by his own fault, or by circumstances beyond the control of the employer;
2. In other cases (such as may happen in mines, quarries, excavations, or in factories) when the injured, on his part, can show that either the employer or his officials were in fault.

Although this law was a step in the right direction, it had not the desired effect. The heavy burden of proof laid on the party seeking redress almost frustrated the beneficent intentions of the measure. The limitation of responsibility to cases, in which the blame rested with managers or overseers, left uncovered not only cases originating from personal fault or neglect, but likewise that large class of injuries caused by chance or fellow-workmen. The inability of the responsible parties to pay an indemnity often compelled the applicant to fall back upon public charity, and the increasing number of law-suits seriously embittered the relations between employers and employed.

This experience corroborated the conviction expressed in the Emperor's Message of the 17th November 1881, that it is the imperative duty of a Christian State, by means of positive enactments to care for the helpless element of the population and to secure to them, when partially or totally disabled in the pursuit of their calling such a provision as will protect them from being thrown upon public charity. For this reason the principle of redress by private litigation must be abandoned in favor of an insurance based, like the Sick Relief Insurance, on public law, binding employers to care for the employed or their families in case of accidents; for, as these casualties are necessarily incident to the undertaking, the compensation for injuries must be regarded as a part of the costs of production. Considering the serious difficulties to be surmounted, with no precedents to be guided by, legislation could advance only step by step in this matter.

The first Accident Insurance Law of July 6, 1884, dealt chiefly with industrial enterprises, but served as the basis for subsequent measures with a wider range.

This law makes insurance compulsory for workmen and officials (with salaries up to 2000 marks per annum), in all industries already liable to damages in cases of accident, and furthermore where the production is carried on by hand with the aid of machinery, and likewise for some branches of the building trade. By statutory regulations the obligatory insurance may be made to include industrial officials with salaries above 2000 marks, and the privilege of joining the insurance may be granted to the employers.

The insurance is carried out under the guarantee of the Empire, on the mutual system, by the employers united in Trades' Associations, which may embrace the different branches of industry in certain districts, or in the whole Empire.

These Trades' Associations enjoy the character of legal persons and a perfect self-administration, which they may

decentralize by forming "Sections" and by appointing "confidential agents".

The object of the Insurance is to secure compensation for bodily injury or for death, in consequence of an accident to the workman whilst working for his employer, injuries sustained on other occasions being excluded. As a matter of course, the injured man must not have brought about the accident purposely. The compensation includes the cost of the cure, and in addition a fixed allowance during the period of incapacity for work, or in fatal cases burial money and an allowance to the survivors (widows, children, parents) from the day of death. When the injured person is totally disabled, the compensation amounts to $^2/_3$ of his average year's earnings; if only partially incapacitated for work a fraction of this amount — for survivors also — will be granted (see Table *C, III*). For the first 13 weeks after the accident (the so-called waiting time), the Sick-Associations, or in their absence the employers have to step in; and from the beginning of the fifth week the sick-pay is to be raised, at the cost of the employer, to at least $^2/_3$ of the standard wages.

In the interest of an equal and suitable treatment of sufferers from accidents, the Trades' Associations are, however, legally authorized either to commit at their own costs the care of the injured to the Sick-Associations beyond the thirteenth week, until a complete cure is effected, or else they may undertake themselves the charge of the patients at any time during the first 13 weeks, with the understanding that their outlays of sick-pay shall be refunded by the Sick-Associations.

The amount of the compensation is fixed, after a police investigation, by the organs of that Trades' Association in whose district the accident happened. Against this decision an appeal may be made to an Arbitration Court, composed of two members of the Trades' Association, two representatives of the insured workmen, and a presiding magistrate. This court is invested with the character of a Special Court of law; in more complicated cases an appeal

from its verdict may be made to the Imperial Insurance Department.

The payments of compensation are advanced upon orders of the Directing Board of the Association through the post-offices, which advances, at the close of the financial year, have to be refunded by the Board. To cover the advances named, the management expenses and the fixed rates of the reserve fund, the members of the Associations will be assessed in such way that only the actual expenditure of the past year, and not the capitalized value of the annuities, will be raised. Thus every employer contributes to the burdens of the year in proportion to the risks to which he exposes his Association. These risks for each separate establishment will be determined by a distribution of the various occupations over the several classes of a danger-tariff to be drawn up by the Association, and in proportion to the amount of wages and salaries paid out.

As it is evident that both the Trades' Associations and their individual members have a strong interest in diminishing the chances of accidents, the law confers on the Associations the important prerogative of prescribing regulations for the prevention of accidents. Through these regulations the employers can be compelled, under penalty of higher assessments, to adopt the necessary measures for safety; but also the workmen may be forced by fines to follow these rules. Of the 64 Trades' Associations, 56 have already introduced such a list of rules, and appointed 157 superintending engineers; while the agricultural Associations will obtain, in the now nearly completed statistics of accidents among agricultural laborers, the basis for similar rules. (For further explanation compare the models of accident-preventing appliances on machines exhibited by German employers — painted red — and see the wall-tables of the Trades' Associations, as well as their printed statutes, regulations for the prevention of accidents, danger-tariffs, statistics, technical pamphlets, etc.).

As regards the participation of the insured workmen in the organization of the Trades' Associations, they are

neither members of the Associations, nor have they to bear any of the corporate burdens. They have, however, to take on themselves a portion of the aggregated liabilities caused by accidents, in so far as, together with the employers, they contribute to the Sick Relief Clubs, to which, for practical reasons, the care of patients during the first 13 weeks of the illness will be left. But the statistical calculations bear evidence that the contributions of the workmen to the Accident Insurance are in an inverse ratio to the contributions of the employers to the Sick Relief Insurance; for while the workmen, on their part, bear only 11% of the entire burden for accidents, the employers have to contribute three times as much ($33\frac{1}{3}$ %) to the Sick Relief Insurance. From these reciprocal relations it follows as a necessity, that the employers should participate in the management of the Sick-Associations, and that to the employed, in their turn, must be conceded a share in the administration of the Accident Insurance. Accordingly the law permits representatives of the working-men (chosen by the Directing Boards of the Sick Relief Clubs) to take a part in the police investigation of accident cases, and in the discussions of preventive regulations, as well as in the proceedings of the Arbitration Courts and of the Imperial Insurance Department; on all these occasions the workmen enjoy the same rights as the representatives of the employers.

The Imperial Insurance Department is the supreme Court for all that has reference to organization, administration and judicature. It is composed of permanent members — a President appointed for life by the Emperor on recommendation of the Federal Council, and several higher officers similarly appointed — and of temporary members, namely: four delegates to the Federal Council, and representatives of the employers and employed in equal numbers. Two judiciary officers are added to decide the more important cases, such as appeals to the Imperial Insurance Department and the settlements or adjustments of claims in the case of changes in the composition of Trades' Associations. For some of

the federal States, special State Insurance Offices have been established.

With reference to the relation in which the general Insurance Law stands to the personal Liability, from which now the employers of industrial labor and their officials are relieved, it must be stated, that these employers or officials in every case where they are convicted of having caused the accident either by intention or by negligence, are obliged to make up to the injured person (or to the survivors) the excess of the awarded indemnity (if any) above the amounts under the Accident Insurance Law; but to the Trades' Associations or the Sick Relief Clubs which are in the first place bound to make the payment, they will be held responsible to the full amount. Third parties, on the other hand, remain, as before, liable for the whole extent of the damage, and have to refund the compensation, already paid, to the Associations, and not to the injured (or survivors) already indemnified. Nevertheless relief societies, charitable unions and the like are still bound to furnish the same aid and relief as heretofore, although reimbursements will be made by the Trades' Associations of that portion of the assistance which these latter are pledged to afford under the Accident Insurance Law. From this it appears, that the Accident Insurance Law gives working people, instead of the former very problematical claims, a sure and certain compensation in cases of injury by accidents, even when the injury was caused by their own fault. This arrangement ends once for all the so frequent and exasperating litigation between employers and employed for compensation claims.

By the law of May 28, 1885 on the extension of the Accident and Sickness Insurance, these laws were made to embrace the great institutions of the inland carrying traffic by land and by water, including the administration of the post, the telegraph, the railways, the army and the navy. This extension, which is essentially based on the original law of July 6, 1884, places the insurance, as far as the

government institutions among the above-named are concerned, directly and without the intervention of Trades' Associations, in the hands of the Empire or the respective federal State.

The next law — that of March 15, 1886 — which treats of the provision for state officials, military officers and soldiers in case of accidents, is more closely connected with the Pension than with the Insurance legislation, since it grants to all officials of the Empire, occupied in works subject to the Accident Insurance, a compensation for injuries therein sustained, in the form of a state pension. In the meantime, several of the German federate States have followed the example of the Empire, and in a corresponding way settled the provision for their officials in cases of injury by accidents.

In the same year was promulgated the law of May 5, 1886, treating of the application of the Accident and Sickness Insurance to persons engaged in agriculture and forestry. This law, based in its essential provisions on the original Law of July 6, 1884, permits of the extension of compulsory insurance also to small farmers (with yearly earnings not exceeding 2000 marks), and in a special supplement it accords certain facilities for the extension of compulsory sick insurance, by State-law or statutory enactments, to agricultural and forest laborers.

In consideration, however, of the less complicated nature of agriculture and forestry, certain deviations from the original law were found to be indispensable, more particularly with regard to the organization and management. Thus, in consequence of the prevalent uniformity in agricultural pursuits, the districts of the Insurance Associations adjust themselves to the political boundaries of county, province or state. The current administration, so far as it belongs to the Directing Board, may be entrusted, by conventional or State-law provisions, to organs of the political self-administration (such as county or provincial Committees) or to magistrates. For the annuities, the actual earnings of the injured are not to be taken as the basis of calculation, but the average rate of wages for

agricultural laborers, to be fixed by the higher administrative authorities after consulting the local authorities (separate estimates being made for male and female, for young and adult laborers). It may further be ordered in a statutory way, that persons whose earnings have usually been paid in kind, shall draw their annuity in the same form.

The contributions too may be assessed, not according to the number of hands employed, but on the basis of direct taxes (especially the land-tax), and small proprietors may be partially or totally exempted. The remaining deviations from the original law have for their object a simplification of the management, but leave its fundamental provisions intact.

In the next year (1887) the Building and the Marine Accident Insurance Laws of the 11th and the 13th July respectively were established. While the latter law, on account of the many peculiar circumstances inseparable from navigation, forms like the agricultural Accident Insurance Law, a special code in itself, the Building Accident Insurance Law, as well as the Insurance Extension Law of May 28, 1885, represent only supplements to the original law of July 6, 1884.

The Builders' Accident Insurance Law embraces building branches which had remained uninsured, in particular the deep-building (excavating, making pits, wells etc.) and the so-called Regie-building (without intervention of contractors). For the deep-building a single Trades' Association ("Tiefbau-Berufsgenossenschaft") embracing the whole Empire, was formed, and its insurance was regulated according to the provisions of the original law; but as these building works are of a shifting nature it was found expedient to adopt a charge on capital in place of the assessment. To provide for the Regie-building, special insurance institutions are established, as appendages to the several Building Trades' Associations, to which the master builders contribute premiums according to the extent of their works.

The 64 industrial Trades' Associations are distributed over the several branches of industry as follows: building-trade 14;

textile and iron (steel) industry, 8 each; food and beverages, 6; wood industry, land and water transportation, 4 each; earthen ware (such as potteries, brick-works, glass-works) 3; paper, metal (fine and ordinary) and mining, 2 each; finally, fine mechanics (such as opticians etc.), chemical, gas and water-works, printing, leather, clothing industry, and manufacture of musical instruments, 1 each.

The Accident Insurance will shortly be completed by its extension to handicrafts and small trades, to home industry and commerce, with about 1 million of concerns and 2 millions of the employed; so that all the workmen on wages, and the other classes of similar standing with not more than 2000 marks a year, such as industrial and agricultural managers, commercial clerks and small employers, will reap the benefits of the Accident Insurance Laws (see Table *C, I—III*).

The Invalidity and Old Age Insurance *(Table D)* is intended to secure to persons employed for wages or salary a legal provision in cases not covered by the Sickness and Accident Insurance Laws. The Invalidity and Old Age Insurance Law of June 22, 1889, subjects to compulsory insurance (from the completed 16th year of age): 1, all persons working for wages in every branch of trade, apprentices and servants included; 2, managing officials and commercial assistants (clerks and apprentices) with regular year's earnings up to 2000 marks. The obligation to insure may also be extended (by order of the Federal Council): 3, to small masters (with only 1 assistant workman), and 4, to so-called home-industrials (irrespective of the number of hands employed); otherwise these small employers are allowed to join voluntarily the insurance. Such persons, however, as have either given up or for a time laid aside an occupation involving compulsory insurance, possess the right to continue or renew the insurance by paying voluntary contributions. This right will be forfeited only when during

four consecutive calendar years contributions for less than 47 weeks (= 1 contributory year) have been paid.

Exempted from compulsory insurance are: 1, the officials of the Empire and the federal States, as well as communal officials entitled to pensions; 2, soldiers who in service are employed as workmen; 3, infirm persons permanently incapable of earning one-third or less of the usual local daily wages of an ordinary laborer, and 4, persons who receive only a maintenance (board and clothing) in lieu of wages.

The object of the Insurance is, to give the insured a legal claim to a Pension for Invalidity or Old Age. Besides this, it confers a right to the refunding of contributions (in so far as paid by the Insured, during at least a space of five years) 1, in favor of women who marry before obtaining an annuity; 2, in favor of widows and orphans (under 15 years of age) of such insured persons as die before the annuity becomes attainable. Finally, a sick relief may be granted to sick persons, not covered by the Imperial Sickness Insurance Law, in so far as, in consequence of the illness, a claim for an invalid pension, by reason of incapacity for employment, is to be apprehended.

The Pension for Invalidity will be granted, irrespective of age, to every insured person who is permanently disabled, that is to say, who is no longer able to earn even one-third of his average wages, reckoned according to certain fixed principles; and also to persons not permanently disabled, but who for an entire year have been unfit to work, during the remaining period of their disability. Thus, the invalid pension offers a compensation for the loss of capacity to work. Besides the proof of the disability (not purposely caused) a waiting time of five contributory years is requisite, to obtain the pension. A contributory year consists of 47 contributory weeks, which however may belong to different calendar years. As a minimum, therefore, contributions must have been paid in 5×47, or 235 weeks in all.

The Pension for Old Age will be granted, without proof of disability, to all who have completed their 70th year. It forms an addition to the earnings of old, but not incapacitated working people, and makes some amends for the diminished vigor of age. The waiting time here comprises 30 contributory years, so that for 30×47, or 1410 weeks contributions must have been paid before the insured can enter upon the enjoyment of the pension.

Attested periods of illness, and military service, as well as other interruptions in regular employments (up to 4 months), will be reckoned in the waiting time for both annuities.

The money to pay the Invalidity and Old Age pensions is furnished jointly by the Empire, the employers and the employed. The Empire contributes to each annuity the fixed amount of 50 marks per annum, and pays the contributions of the workmen while serving in the army or navy. It defrays the expenses also of the Imperial Insurance Department, and effects gratuitously, as in the case of the Accident Insurance, the payment of pensions through the post-offices. All other expenses are borne in equal shares by the insured and their employers, and are raised by current contributions. As a rule, the payment of the contributions is to be made by the employer, who, after purchasing stamps (resembling postage-stamps) of the respective local Insurance Office, affixes them (to the amount of the contribution due) to the receipt-card of the insured. These stamps may be had at all the post-offices, and at numerous private shops. The contributions are to be paid for each calendar week in which the insured finds himself in an employment or service subject to the insurance ("Contributory week", "weekly contribution"). The receipt-card has room for 52 stamps covering 52 contributory weeks. It is prohibited, under severe penalties and the immediate confiscation of the card, to mark on the same any irrelevant entry or notice regarding the workman whose name it bears. The insured is furthermore entitled, at any time to demand a new receipt-card.

The collection of the contributions may be committed to the sick-relief clubs, the local authorities, or to special receiving-offices. In paying the wages to the employed, the employers are entitled to deduct one half the contributions (for the two last periods of wage payment). On the other hand, persons who voluntarily enter into, continue or renew the insurance, will have to pay, out of their own means, the full contribution for Class II (below-mentioned), together with an amount corresponding to the state subsidy; the payment of this additional amount (8 Pf.) will be made by affixing a supplementary stamp.

The amount of the contributions must be estimated for the several Insurance Institutions and contributory periods (first of 10, afterwards of 5 years each), taking into consideration the deficiencies caused by illness, in such a manner, that they shall be sufficient to cover the costs of management, the reservation for a reserve fund, the probable outlay by refunding contributions, and the capital value of the share in such annuities as will probably have to be granted by the Insurance Institution during the period in question. With a view to fixing the contributions for each contributory period, the insured have been divided into the following 4 wage classes, according to the amount of their yearly earnings: Class I up to 350, II up to 550, III up to 850, IV above 850 marks. As the yearly income, not the actual earnings of the insured are taken, but the average wages earned in his calling or trade, as fixed by the Sickness and Accident Insurance, or else three-hundred times the usual local daily wages of ordinary laborers in the place of work. However if employer and employed agree on procuring a more ample provision, the contributions for a higher class may be paid in. The contributions in each class must be so fixed, that they shall cover the probable burdens falling upon the Insurance Institute by the claims to which the contributions will give rise. At the same time the additional burden resulting from the voluntary insurance must be distributed over all wage classes. For persons insured in the same Insurance Institution and in

the same wage class, the contributions will be equal, unless the different callings should require a divergence. The respective regulations of the Insurance Institutions must be approved by the Imperial Insurance Department.

For the first contributory period (of 10 years) the following weekly contributions have been fixed by law, on the basis of insurance statistics: in Class I 14, in II 20, in III 24, in IV 30 pfennigs. Any surplus or deficiency is to be balanced during the next following contributory period.

As to the amount of the annuities, the Old Age Pension is made up of the above-mentioned state subsidy of 50 marks and an increasing rate for each contributory week as follows: in Class I 4, in II 6, in III 8, in IV 10 pfennigs. Hence the Old-Age Annuity amounts in Class I to 106·80, in II to 135, in III to 163·20, and in IV to 191·40 marks.

The Invalid Pension consists of the state subsidy of 50 marks, and a fixed amount of 60 marks, increased for each contributory week: in Class I by 2, in II by 6, in III by 9, in IV by 13 pfennigs. The height of the Invalid Annuity therefore depends on the number of the weekly contributions paid in, and on the respective wage class. Therefore it amounts, after the waiting time of 5 contributory years, at least: in Class I to 115·20, in II to 124·20, in III to 131·40, in IV to 141 marks, and after the lapse of 50 contributory years in Class I to 157·50, in II to 251·40, in III to 321·60, in IV to 415·80 marks, or in the 50th calendar year (state of permanence, „Beharrungszustand") in Class I to 162, in II to 266·40, in III to 344·40, in IV to 448·20 marks (see Table *D, II* and *III*).

It is evident from the relative proportions of the contributions to the pensions that such favourable conditions could be offered to working people by no private insurance-office, for the insured gain the state subsidy and the employers' contributions without giving any equivalent. After the lapse of 5 contributory years, for instance, the amount of the yearly invalid pension will be $5^1/_3$ times as high as the total of all contributions paid by the insured.

All the pensions are paid monthly in advance (rounded off to 5 pfennigs), and can be neither pawned nor sequestrated. Should the insured be already in possession of an Accident Annuity or a State Pension, his claim to the Old Age or the Invalid Annuity will remain in abeyance, so long and so far as the annuity in question, when added to the other receipts, exceeds the sum of 415 marks, that is, the highest amount of the Invalid Annuity after 50 contributory years. The pension will likewise remain in abeyance so long as the insured is in prison or in a foreign country.

The carrying out of the Invalidity and Old Age Insurance is intrusted, under State guarantee, to special Insurance Institutions, whose districts coincide with the communal or state divisions. Every Insurance Institution possesses the character of a legal person, and is managed on the basis of a statute drawn up by the managing "committee". This committee is composed of at least 5 representatives of both employers and insured (chosen by the Directing Boards of the Sick-Relief Clubs and similarly constituted bodies). So far as certain prerogatives are not reserved to the committee by law or by statute, the administration is placed in the hands of the "Directing Board" (composed of communal or state officials), which is invested with the character of a public authority; but it may be determined by statute, that besides these officials other persons, particularly representatives of the employers and the insured, may be members of the Directing Board. Should this, however, not be the case, a "supervising council" may, and in all other cases must be elected, in which the representatives of both employers and employed take an equal share. This council has the supervision of the Directing Board and is required to attend to the other business which the statute may prescribe. As local representatives of the Insurance Institutions "confidential agents" will be chosen from among the employers and the insured.

When a claim to a pension (for Invalidity or Old Age) has been made to the lower administrative authorities and trans-

mitted by them to the competent Insurance Institution, it devolves on the Directing Board of the latter to give an (approving or rejecting) "notice" in writing. Against this decision the insured may appeal to the Arbitration Court (similarly composed as those for the Accident Insurance); and against its verdict both parties may appeal to the Imperial Insurance Department.

The offices of the unsalaried members of the Directing Board, the Committee, the Council of Supervision, the confidential agents and the members of the Arbitration Courts, are honorary, and their holders receive no other remuneration than the repayment of actual expenses. The representatives of the workmen, however, obtain compensation for loss of wages.

To each of the Insurance Institutions a state "commissioner" is attached, who, for the distribution of the liabilities among the different Insurance Institutes, in consequence of the moving about of the insured, and for the financial participation of the Empire in the pecuniary burden, has to watch both the public interest and that of the other Insurance Institutions.

As in the case of the Accident Insurance, here too the supervision is committed to the Imperial Insurance Department; some of the federal States, however, have instituted special State Insurance Offices.

Besides these Insurance Institutions, such funds or clubs as secure to their members at least advantages similar to those prescribed by the law for all the insured under compulsion, may be recognised as special insurance organs, particularly state or communal pension funds, miners' and such relief clubs.

Finally, certain transitory provisions have been made, with a view to give the insured as soon as practicable the benefits of the insurance. Thus, the waiting time for the Old Age Pension is shortened in favor of such of the insured as had already completed their 40th year when the law came into force (January 1, 1891), and can show, that in the three preceding years (1888, 1889, 1890) they had been for at least

three contributory years = 141 weeks in an employment or service now subject to insurance. This abridgment of the waiting time is equal to as many contributory years (and odd weeks) as their age, at the date when the law came into force, exceeded the number 40. Hence, on January 1, 1891, septuagenarians could claim the Old-Age Pension, without having made any payment whatever on their part.

To obtain the Invalid Pension during the first 5 calendar years after the law comes into force, it is sufficient to show, that for at least one contributory year = 47 contributory weeks the contributions prescribed by the insurance law have been paid — consequently before November 23, 1891 no Invalid Pension could be obtained —, and further, that previous to the law's acquiring validity, but within the last 5 years before the beginning of his disablement, the claimant practised an occupation subject to insurance for as many weeks as were still wanting (at the time he claimed the pension) in the prescribed waiting time of five years = 235 contributory weeks.

The time which the insured can show to have been occupied with work for wages or salary before the law came into force, as well as 7 or more sick-days, terms of military service, and interruptions up to 4 months in regular work, will all be reckoned as workingtime and included in the term of expectancy. The employment certificate is to be made out by the employer and officially attested. The periods of illness are to be certified by the Sick Club to which the insured belongs, or ascertained through the local authorities.

Compared with the Accident Insurance, which indemnifies total disability for employment with $^2/_3$ of the earnings, and every other reduction of capacity for work with a corresponding fraction, the indemnities of the Invalidity and Old Age Insurance are indeed somewhat limited, but with good reason. For, a sudden industrial accident is for the sufferer an unexpected misfortune, while the gradual decline of bodily vigor in consequence of disease, sickliness, organic defects, natural decay and similar causes, is inevitable in the ordinary course of life,

and must betimes be provided for, by every prudent workman. In accordance with the moral obligation of every individual to make seasonable preparation, in the first place by his own efforts, to meet the day of need, the Invalidity and Old Age Insurance does not extend the provision fixed by law beyond what a modest subsistence demands. And thus, besides the employer, who profits by the labor of the insured, the workman himself is called upon to contribute in equal proportion to the burden of the insurance, of which the Empire, as the third interested party, takes a share on itself. To raise the requisite funds, however, it has been found desirable to substitute for the assessment system of the Accident Insurance the procedure of covering the capital value of the annuities, since the solidarity between the present and the future contributors in the particular industrial groups of the Accident Insurance here no longer exists. If we assume 600 marks as the yearly earnings in an average of 300 working-days, it has been calculated that the burden of contributions to the Invalidity (Old Age) and the Sickness Insurance will amount to 4 pfennigs each for every working-day, which with 2 pfennigs for the Accident Insurance will come to 10 pfennigs per day altogether, of which the workman has to pay only the smaller part.

As regards the results of the Invalidity and Old Age Insurance, in the first year (1891) no less than 132 917 annuities have been granted, 15 306 754·34 marks (including 604 9848·41 marks state subsidies) have been paid out, and 95 000 000 marks have been received from the sale of receipt-card stamps. For the year 1892 compare Table *D, I.*

Conclusion (see Table *A*). The three branches of the German National Workmen's Insurance — the Sickness, Accident, Invalidity and Old Age Insurance — supplementing each other mutually, form a complete organization, and have resulted in the formation of a new working-man's code, which in the inevitable fluctuations of modern industrial life will afford to all those in need of assistance a welcome aid,

and in its farther development cannot fail to exercise a great and salutary influence on the economical and social condition of the working people, indeed, on the entire nation. In the few years since these measures became law, nearly a Thousand millions of marks — almost one half contributed by the employers — have been expended in the interests of the workmen! As, however, the circumstances which tend to disturb the good relations between employers and employed are everywhere much the same, the hope is natural and well justified, that the consideration and forethought which the German laborers owe to the beneficent initiative of the magnanimous Emperor and to the ready sacrifice of their employers will find an echo in other civilized countries, for the welfare of the human race and the consolidation of social peace and concord!

The Workmen's Insurance of the German Empire.

Total Population **50** *000 000.*

Wage Workers[1]) **12** *500 000.*

1892 **Summary**[2]) *1892*

Insurance against	Sickness	Accident	Invalidity
Persons insured	7 723 000[3])	18 000 000[4])	11 200 000[5])
Persons relieved[6])	2 752 000	210 000	187 800
Receipts[7]) (Marks)[8])	132 000 000	68 000 000	108 200 000[9])
Including Contributions of { Employers	31 000 000	54 000 000	47 375 000
Including Contributions of { Employed	77 500 000	—	47 375 000
Expenses[10])	124 000 000	54 000 000	108 200 000[9])
Including Costs of { Relief[6])	95 000 000	32 500 000	22 400 000[9])
Including Costs of { Administration[11])	6 200 000	7 400 000	4 480 000
Accumulated Funds[12])	110 000 000	101 000 000	162 850 000
Relief per Case[13])	35	185	120[9])
Charges per Person insured[14])	14	3	9[9])

The National[15]) Insurance

— based on mutuality and self-administration —

is compulsory for all Wage-Earners[1]) in Germany irrespective of Nationality and, unlike mere Poor-Law Relief, confers on every Insured a legal Claim — proceedings free of expense — to certain Assistance in case of Sickness, Accident, or Invalidity (Infirmity and Old Age).

Remarks.

[1]) Wage-workers = professional workmen and laborers on wages; Wage-earners = all persons working for wages or salary (up to 2000 Marks per annum), as well workmen and laborers as industrial and agricultural officials, commercial assistants and small employers (masters and farmers). [2]) The rounded numbers are estimated in so far as the financial statement for 1892 was not yet settled (January 1893). [3]) Persons employed for wages or salary (see note 1) in Trade and Commerce, partly in Agriculture (Forestry) and domestic Service; see Table *B*. [4]) Persons employed (see note 1) in Industry and Agriculture (Forestry) — not in Commerce, Handicrafts and Petty Trades —, including about 4 000 000 small farmers (with areas under 10 hectares) and as many persons insured in additional or double employments; see Table *C*. [5]) Workers of all trades and servants, likewise (industrial and agricultural) officials and commercial assistants with regular year's earnings up to 2000 Marks; see Table *D*. [6]) Persons having received legal assistance in money or in kind (free medical or hospital treatment, medicines etc.), provided by the workmen's insurance laws for disability caused by sickness, accidents, invalidity or old age; see Table *B, C, D, III.* [7]) Including balance in hand at the commencement of the year and interest on investments. [8]) 1 Mark = 100 Pfennigs has the money value of about $^1/_4$ Dollar, but the same purchasing power in Germany as about $^1/_2$ Dollar in America; therefore one-half, not one-quarter, of the sums given in the tables must be taken in order to find the proportionate amounts (Dollars and Cents) for America. [9]) Including State subsidies; see Table *D, I.* [10]) Including the year's addition to the funds. [11]) Including the current costs of the whole organization. [12]) Provided by law in order to secure the payments named (note 6). [13]) Average amount paid out for each case of sickness, accident, invalidity or old age; see Table *B, C, D, II.* [14]) Average amount paid in per head of insured; see Table *B, C, D, II.* [15]) Established by imperial laws embracing the whole empire.

Table B. *Table B.*

Sickness Insurance of the German Empire.

I. Total Result 1892.

Organization of Insurance	Number	Persons insured	Cases of Sickness	Days of Sickness	Receipts Marks	Expenses Marks	Funds Marks
Compulsory Sick-Associations	19 700	6 749 000	2 405 000	38 000 000	115 000 000	108 000 000	92 000 000
Voluntary Sick-Associations . .	2 300	974 000	347 000	5 500 000	17 000 000	16 000 000	18 000 000
Total . . .	22 000	7 723 000	2 752 000	43 500 000	132 000 000	124 000 000	110 000 000

II. Average Result 1885—1890.

Marks (per annum) per Person insured					Per Case of sickness		Relief per 100 Insured			Relief per 100 Marks					
Contributions of		Expenses of		Funds	Sick-days	Expenses Marks	Sick persons			Sick-pay	Doctor	Medicine	Hospital	Burial	Childbed
Employers	Employed	Relief	Management				male	female	total						
3,69	10,09	11,77	0,81	9,72	15,7	32,41	37,4	31,8	36,3	47,91	19,97	16,04	10,49	4,28	1,31

III. Normal Payments.

The Contributions are paid $^1/_3$ by employers and $^2/_3$ by employed (up to 3% of the daily wages); in voluntary Sick-Clubs the workmen pay the whole.

The Sick Relief includes:

1. free medical attendance and medicines,
2. in case of disablement a sick-pay = 50% of the daily wages, during 13 weeks; or free hospital treatment and half the sick-pay for the family
3. similar relief for women in childbed for 4 weeks;
4. in case of death, funeral expenses = 20 times the daily wages.

The Sickness Insurance

— established by imperial law of June 15, 1883 —

comprises persons engaged in Trade and Commerce, working for wages or salary (up to 2000 Marks per annum); it is managed by local Sick-Associations organised for the various branches of trade. The Insurance Organization will be extended to persons employed in Agriculture, Forestry and domestic Service, whose sick relief is now regulated partly by state or community.

Table C. *Table C.*

Accident Insurance of the German Empire.

I. Total Result 1892.

Organization of Insurance	Number	Works	Persons insured	Accidents compensated	Receipts Marks	Expenses Marks	Funds Marks
Industrial Trades' Associations . . .	64	405 000	5 000 000	114 700	56 500 000	44 000 000	97 000 000
Agricultural Associations	48	4 777 000	12 400 000	51 400	8 500 000	7 000 000	4 000 000
Offices for State Works	356	—	600 000	10 900	3 000 000	3 000 000	—
Total . . .	468	5 182 000	18 000 000	177 000	68 000 000	54 000 000	101 000 000

II. Average Result.

Financial Year	Marks per Person insured: Contributions of Employers	Contributions of Employed	Expenses of Compensation	Expenses of Management	Funds	Marks per Case of Accident	Compensation per 1000 Insured: Injured Persons	Survivors: Widows	Orphans	Parents	Compensation per 100 Marks: Allowances to Injured	Allowances to Survivors	Charges for Cure	Charges for Burial
In the year 1890	2,98	—	1,40	0,40	5,52	200,00	6,3	1,0	1,9	0,1	68,66	21,35	8,61	1,38
In the 50th year	6,86	—	6,40	0,40	13,72	200,00	21,7	8,3	5,0	0,3	67,44	30,20	2,04	0,32

III. Normal Payments.

The Contributions are annually levied on Employers proportionately to the extent of their business (i. e. the wages paid or the number of hands employed) and to the risk of accident in the various occupations.

The Compensation includes:

a) in case of bodily injuries, from the beginning of the 14th week after the occurrence of the accident, i. e. in continuation of the sick relief insurance:

1. the expenses of the cure,
2. an allowance during disablement up to $66^2/_3\,\%$ of the yearly earnings, } or { free hospital treatment during the whole cure and an allowance for the family as in case of death;

b) in case of fatal injuries:

3. the funeral expenses = 20 times the daily wages, not less however than 30 Marks, and
4. an allowance to the survivors from the day of death { widows and children up to 60 % / parents, when needy = 20 % } of the yearly earnings.

The Accident Insurance

— established by imperial laws of 1884-1887 —

comprises workpeople engaged in Industry and Agriculture, officials with yearly salaries up to 2000 Marks and small employers; it is based on mutuality of the employers united in Trades' Associations. The insurance organization will be extended to persons employed in Commerce, Handicrafts and petty Trades.

Invalidity and Old Age Insurance of the German Empire.

Table D.

I. Total Result 1892.

Organization of Insurance	Number	Persons insured	Persons pensioned	Receipts Marks	Expenses Marks	State subsidies Marks	Funds Marks
Insurance Institutions	31	10 690 000	183 650	92 000 000	17 130 000	9 020 000	151 540 000
Special Organs	9	510 000	4 150	7 000 000	550 000	180 000	11 310 000
Total . . .	40	11 200 000	187 800	99 000 000	17 680 000	9 200 000	162 850 000

II. Average Result.

Financial Year	Marks per Person insured					Yearly Pension Marks		Pensioners per 100 Insured			Pension per 100 Marks	
	Contribution	State subsidy	Pension	Management	Funds	Invalidity	Old Age	Invalidity	Old Age	Total	Invalidity	Old Age
In the 1 st year	8,21	0,54	1,36	0,40	7,09	113,51	125,08	0,00	1,20	1,20	0,00	100,00
In the 50 th year	18,00	6,00	27,34	0,40	125,33	225,60	135,00	11,40	1,20	12,60	94,07	5,93

III. Normal Payments.

In the Wage Classes I — IV with yearly earnings	I up to 350 Marks	II up to 550 Marks	III up to 850 Marks	IV over 850 Marks
Weekly Contribution payable half by employer and half by employed	0,14	0,20	0,24	0,30
Total Contribution of the Insured in { the 5 waiting years . . .	16,45	23,50	28,20	35,25
Total Contribution of the Insured in { 50 calendar years	227,50	347,10	438,10	566,80
Yearly Pension with State subsidy of 50 Marks each:				
a) for Invalids (persons unfit for work) after { the 5 waiting years	115,20	124,20	131,40	141,00
a) for Invalids (persons unfit for work) after { 50 calendar years .	162,00	266,40	344,40	448,20
b) for Persons 70 years old, still able to work	106,80	135,00	163,20	191,40

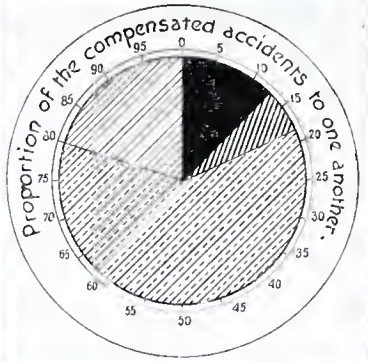
The Invalidity and Old Age Insurance

— established January 1, 1891, by imperial law of June 22, 1889 —

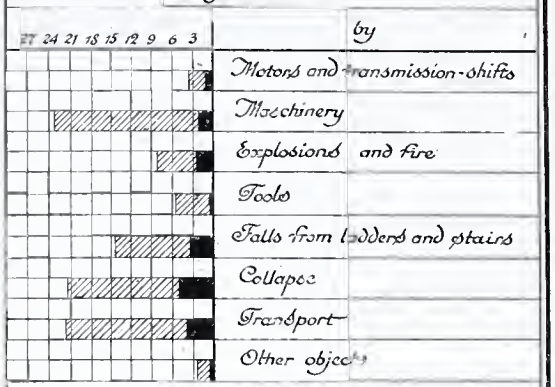
comprises the working people of all trades in territorial organization (differing from Accident and Sickness Insurance restricted to branches of trade) and promises, when in state of permanence (see Section II and p. 21), on every 100 Insured, 1 Old Age and 11 Invalidity Pensioners i. e. out of 50000000 population to about **1500000** Persons the benefit of **330000000** Marks Annuities.

Industrial Accident Statistics, 1892.

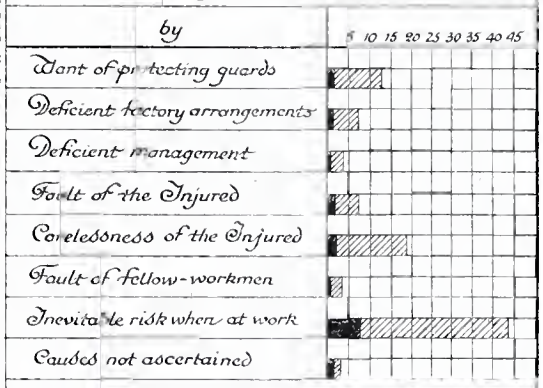
Injuries per 1000 Persons insured



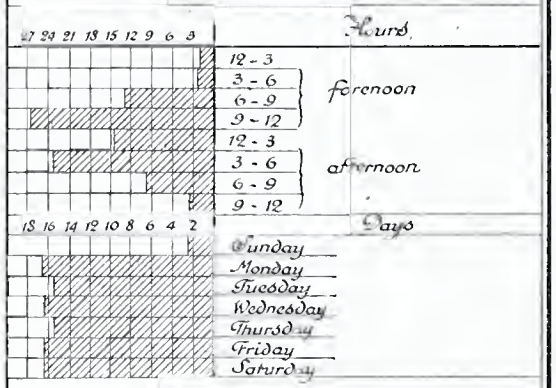
Of 100 injuries are caused



Of 100 injuries are caused:



Of 100 injuries have occurred at:



Injuries causing disability: temporary — up to 13 weeks, up to 6 months, — permanent — partial, total; — Death.

Compiled

by

Dr. Zacher

Permanent Member of the Imperial Insurance Department.

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